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C O N F I D E N T I A L PANAMA 001186

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [ETRD](#) [PM](#)  
SUBJECT: PANAMA: TORRIJOS VENTS TO AMBASSADOR

REF: PANAMA 1143

Classified By: Ambassador William A. Eaton. Reasons: 1.4 (b) and (d).

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Summary  
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¶1. (C) Panamanian President Martin Torrijos vented to Ambassador on July 9 as they traveled together from Panama City to Colon to visit the USNS Comfort. In an atypically chatty mood and highly agitated, Torrijos let down his guard and let loose: lambasting the press, asserting that former civil crusade leader and prominent businessman Roberto "Bobby" Eisenmann was somebody into whom the Embassy should look, complaining about non-governmental organizations (NGOs), and kvetching about the "rich and powerful" who still felt they ran Panama. Addressing the rising cost of the basic basket of goods in Panama, the President also complained that "middlemen" were "gouging" average Panamanians and said the government would begin, for example, buying rice and managing its sale and redistribution to the public. Finally, Torrijos complained that the U.S. Congress -- in asserting that Peru and Panama must adopt all implementing legislation before the U.S.-Panama Trade Promotion Agreement (TPA) would be acted on -- constituted moving the goal posts on Panama (septel). Vulnerable, demonstrating the thinness of his skin, and clearly wanting the Ambassador to hear his side of the story, Torrijos' comments also raised questions about how new the "New Homeland (Patria Nueva)" wing of the governing Revolutionary Democratic Party (PRD) really is. End Summary.

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The Press is Out to Get Me  
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¶2. (C) Torrijos opened his rant by launching into a tear lambasting Panama's press, in particular their recent scrutiny of the "Seeing to Learn" ("Ver para Aprender") program managed by First Lady Vivian Fernandez de Torrijos. (Note: This program provides needy students with eye glasses. Press carried widely a story of Panama's optometrist association's report asserting that this program was mishandled in that the same companies that supplied glasses were also the companies that conducted the exams. One noted optometrist asserted that this arrangement created an incentive for companies to issue glasses to students who did not need them -- and indeed whose eyesight would be damaged by them -- so that they could receive greater payments from the First Lady's Office.) Torrijos repeatedly noted, "The eye glasses only cost eleven dollars, and it was

money well spent." Clearly, the press had an anti-Torrijos agenda. The president even asserted that the timing of the press' "campaigns against him" were predictable: Whenever the GOP's unpaid publicity bills exceeded USD one million, Torrijos asserted, the press exerted pressure by running negative press. Since the press was in family hands, they could not float more than USD one million, Torrijos claimed.

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Bobby Eisenmann is Out to Get Me  
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13. (C) Turning from La Prensa to La Prensa's former publisher, Torrijos claimed that Roberto "Bobby" Eisenmann was now exerting more control over leading Panamanian broadsheet daily La Prensa. "The recent shake-ups in La Prensa's leadership have Bobby's fingerprints all over them."

(Note: Eisenmann was a key leader in the anti-Noriega Civil Crusade, continues to be a significant stock holder in La Prensa, and remains a prominent businessman. Eisenmann also heads the Panamanian chapter of Transparency International.) Torrijos launched into a tirade about NGOs in Panama; "Somebody should look into who's financing these NGOs. They are in the pay of powerful interests in Panama." Possibly referencing Transparency International, Torrijos said, "They complain about the government's lack of transparency, but they don't fess up to their funding sources or their payrolls as the government does." The President said he would planned to propose "sunshine" legislation in September to require NGOs to ensure transparency with respect to their funding sources, finances and salaries of their employees.

14. (C) "Eisenmann is trying to hijack" the UNDP-facilitated national dialogue to develop a national development strategy, Torrijos asserted. Not liking what's being contemplated, Eisenmann wanted to tie the Torrijos Administration's and future administrations' hands to follow Eisenmann's master plan. "Who elected him?" Torrijos exclaimed. "If Bobby wants to make political decisions for his country, he ought to run for election, not try to manipulate the country behind the scenes."

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The Transportation Interests Are Out to Get Me  
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15. (C) The transportation cabal, in cohorts with the press, was misrepresenting the facts with respect to efforts to improve public transportation, Torrijos claimed. "I am not going to back down from my plan to deploy articulated buses."

(Note: Articulated buses are extra-long buses with an accordion-like mid-section that allows the bus to bend.) Stating that he had made a mistake in trying to bundle his entire transportation reform effort into a single, neat package, Torrijos asserted that transportation interests were grabbing hold of the effort to try and establish an ironclad monopoly for themselves. Torrijos said that his government had broken this effort into three more manageable packages (NFI) in order to get the best deal for the GOP. Initially, articulated buses would start running before the end of his administration in 2009 on the Northern Corridor (Corredor Norte) toll-road with low fares (possibly forty cents) as the tolls would subsidize the bus.

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The Oligarchs Are Out to Get Me  
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16. (C) Torrijos asserted that the "rich and powerful in Panama" also worked to stymie his efforts. For example, claiming that Moscoso-era officials continued to receive some USD 40,000 in "residual" kick-backs from Tocumen International Airport duty free concessionaires, Torrijos asserted that when it became apparent that the gravy train would be ending soon, vested interests raised a ruckus. "That was the reason for the delay in contract process for the airport duty free concessions. Shifting his fire, Torrijos complained that "middlemen" were "gouging" consumers

by raising the prices of basic food products in the "basic basket (canasta basica) and thereby preying on poor consumers. While greater efficiencies in agricultural production were lowering costs, the President asserted that middlemen were not passing the cost savings along but rather were increasing their profits. Much as in the energy sector, Torrijos said that his government would buy rice and guarantee rice purchases for producers. Then the government will control the sale and price of rice.

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Off to the PanAm Games  
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17. (C) Torrijos said that he and First VP and FM Samuel Lewis would travel to Rio de Janeiro to attend the Pan-American Games (reftel). Since Panama's President would be there, Torrijos explained, Panamanian athletes would be able to fly the Panamanian flag and the Panamanian national anthem would be played for any Panamanian athletes who won medals. While now the GOP contributed funds to Panama's Olympic Committee (COP), Torrijos said he had no control over who served on the various sports governing bodies. New legislation would give the GOP more control over nominations for this governing bodies, Torrijos asserted.

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Middle Class Growing, Not Shrinking  
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18. (C) Wages were rising, so the middle class was growing, not shrinking, Torrijos asserted, in response to recent press reporting that claimed that the middle class was an endangered species. "Well, it depends on what you mean by middle class," Torrijos clarified. In Panama, for example, he explained that a person who earned USD 2,500 was considered to be in the upper class; "Is that reality?" he asked. "We need to define middle class before we can say whether it is growing or shrinking."

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Comment  
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19. (C) Torrijos was on a roll. Emotionally protesting, Torrijos showed his sense of vulnerability and his extraordinarily thin skin. Particularly, the President was incensed by the press' recent reporting of the President of Panama's optometrists association denunciation of the First Lady's free eyeglass program, especially assertions that funds were mishandled and children's vision adversely affected. Clearly he wanted Ambassador to hear his side of the story in the hopes that Ambassador would take with a grain of salt press stories attacking Torrijos and his government. Torrijos also, however, provided an exceptional glimpse into his thinking and style of government replete with: excessive suspicion of the press, an unsophisticated understanding of the role of NGOs in civil society and belief that they served as Trojan horses, and belief that he was embattled against interests that he perceives in a very personalized way. Instead, Torrijos confronts a largely docile press, commands the UNDP-led national dialogue and is able to manipulate its outcomes, and services his own PRD-associated "rich and powerful." In the run-up to Panama's 2009 elections, one key question will be has the governing Revolutionary Democratic Party (PRD) -- the creation of dictator Omar Torrijos, the current president's father, and the party of Manuel Noriega -- really changed its spots. If Torrijos' tear is any indication, the PRD leopard may not have changed its spots all that much.

Eaton